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SHRIMP AND LOBSTER INDUSTRY OF HONDURAS

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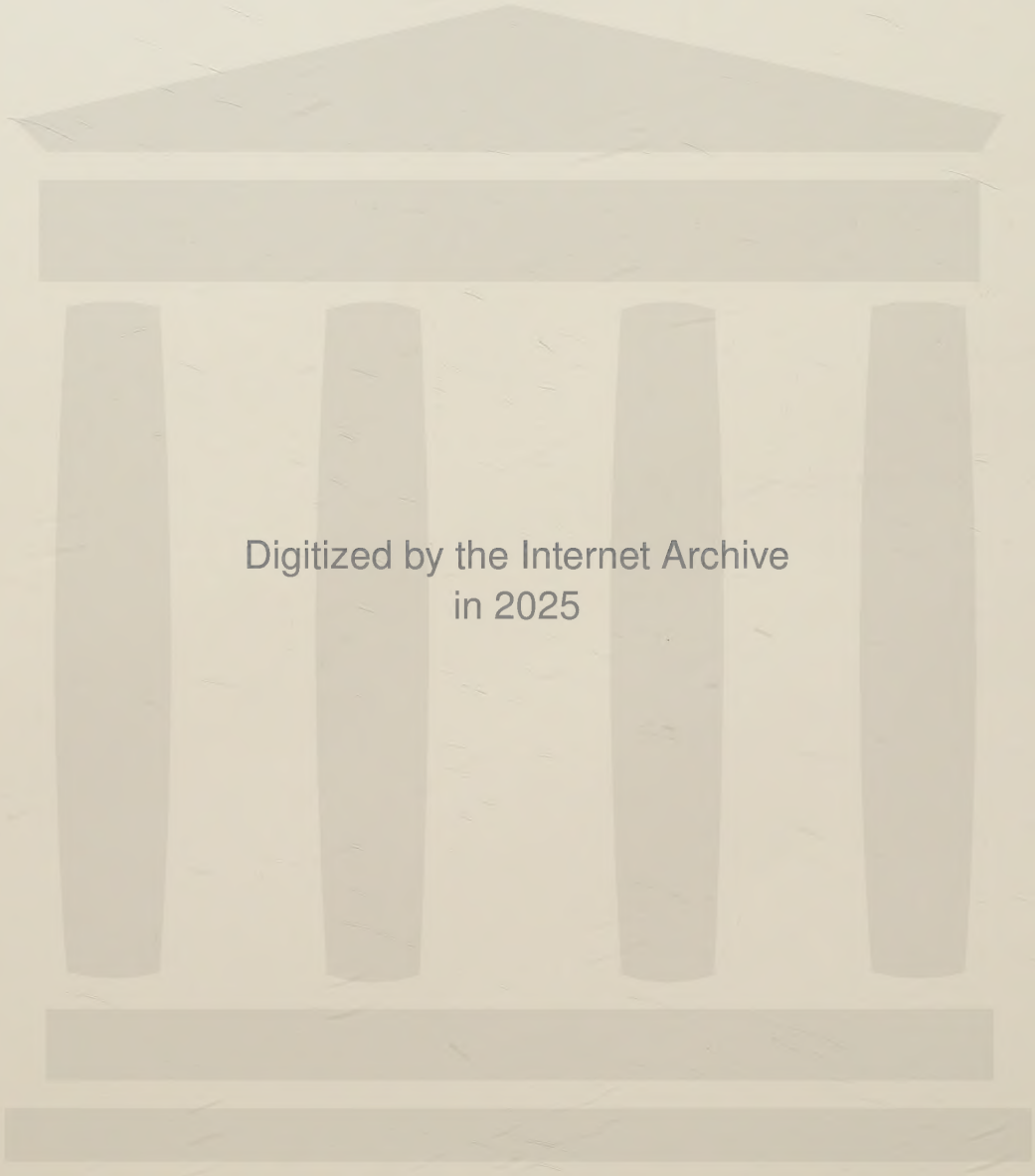

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SHRIMP AND LOBSTER INDUSTRY OF HONDURAS

By R. C. Graham[1/]

THE INDUSTRY IN GENERAL

The modest shrimp and lobster industry of Honduras continues to do well. Shrimp production doubled between 1966 and 1969, decreased in 1970, and, judging from exports to the United States, appears to have improved considerably in 1971. A recently built shrimp plant is now operating, two additional plants are being constructed and should be ready for the next shrimp fishing season, and other plants are planned. Development of the shrimp industry has been rapid and unplanned for the most part; the resource is believed to be in danger of being overfished if not already depleted. Lobster fishing has become more important since the discovery of major new lobster grounds in 1969. Accurate statistics are not available, but lobster and shrimp are estimated to rank about sixth in value among all Honduran exports (excluding petroleum products).

THE SHRIMP FLEET

The exact size of the Honduran fishing fleet is almost impossible to determine from available information.[2/] Estimates on the number of legally licensed vessels vary from 112 to 170; most industry sources put the total number at between 135 and 150 vessels. The Honduran Customs Office, which is responsible for issuing fishing permits, announced in February 1972 that 112 vessels (66 North American and 46 Honduran) had obtained their 1972 permits as required by law. The Honduran Department of Fisheries' latest listing (dated August 1971) has 132 boats. The recently organized Asociacion Nacional de Industriales de la Pesca (National Fishing Industry Association) estimates 140 vessels of which 80 are Honduran and 60 foreign.

Although the exact number of vessels now shrimping in Honduran waters is unknown, it is known that the fleet is overcapitalized. There is a general agreement, shared by FAO, that no more than 70 to 80 vessels should be fishing the Honduran shrimp grounds. To this end, the Honduran Fisheries Department is attempting to tighten its control and

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2/ It would require a physical count, which would vary from day to day as new vessels are added, older boats decommissioned, and others taken to the United States for maintenance and repair. Also, the fleet includes, on occasion, a number of so-called "pirate boats" that operate in Honduran waters without permits, a practice that has been fairly easy in the absence of government patrol vessels.

to initiate more strict controls on the number of fishing permits. Beginning in January 1972, new boats may not fish without first obtaining written permission from the Fisheries Department. Heretofore, such permits were almost automatically granted when boat owners paid the necessary fees.

PRODUCTION

Shrimp production should approximate both total exports and exports to the United States because domestic consumption is minimal and the only important export market is the United States, including Puerto Rico.1/ However, statistics on shrimp production compiled by the Fisheries Department vary widely from the export data compiled by the Ministry of Economy. Likewise, Honduran data on shrimp and lobster exports to the United States, except for 1966, are significantly less than United States import statistics.

Production was up in 1971. Honduran preliminary statistics and United States statistics for last year show record shipments. Five packing plants recently informed Embassy officials that their combined 1971 production was 6 million pounds, which would be a record for Honduras even without considering the production of other plants.

Regarding shrimp, most sources believe that the maximum annual production that can be achieved without depleting the resource is 5 million pounds. If this estimate is correct, then it is probably being fished very close to its limits, and, as stated in the description of the fleet, with an excess of boats.

Lobster production has been more unpredictable than shrimp. It was rather static until 1969, when major new lobster grounds were discovered. In 1970, lobster production increased sixfold while shrimp fishing declined. Nearly 1 million pounds were harvested. In fact, the abundant lobster catch was probably partly responsible for the drop in shrimp production, as nearly every boat that could float was pressed into lobster fishing. The resource may prove to be temporary, as production declined by over 300,000 pounds in 1971. Industry sources are predicting a further drop in 1972.

The discovery of lobster has benefited the local fishing industry because the fishery for this species is from January to May, exactly complementing the June to December shrimp season. However, little is known about the resource, such as lobster migrations. The general philosophy seems to be not to question the bonanza, but to take advantage of it while it lasts.

1/ Honduras exported 35,270 lbs. of shrimp to Japan in 1971 and 19,855 lbs. in 1969. These exports, however, are of minor significance when compared to exports to the United States.

Table 1.--Honduras shrimp fleet, processing plants, production, and exports to the United States, 1965-71

Year	Licensed vessels	Processing plants	Production	Exports to USA
	Number		1,000 pounds	
1965	30	4	1,600	1,632
1966	n.a.	4	2,200	2,107
1967	n.a.	5	2,300	1,922
1968	61	5	3,700	2,981
1969	100	6	4,400	3,925
1970	138	6	2,900	2,445
1971	n.a.	n.a.	n.a.	3,942

Most Honduran sources believe that the maximum production which can be achieved in the present Honduran fishery without depleting shrimp stocks is 5 million pounds. If this estimate is correct, then shrimp stocks are probably being fished very close to its limits.

CONSERVATION

In mid-1971, the private packing plants joined together to form a national fishery association. The objectives of the association are to exchange information, promote the industry, and represent their interests before the Honduran Government. The association agrees that a prime interest is protection of the resource. To this end, the industry has joined with the Honduran Government in observing a closed shrimp season for the first time. Fishing is forbidden in 1972 during the shrimp spawning period, April 10 to May 25. The ban is being strictly enforced by a patrol vessel supplied to the Ministry of Natural Resources by the association. Violators will be fined. The ban does not apply to lobster fishing.

NATIONALISTIC TRENDS

The Fishing Law enacted by Decree 154 of May 19, 1959, continues to govern fishing rights. No U.S. investors have been discriminated against as long as their investment complied with the terms of the law. Some 5-year tax concessions have expired, and the Government has been slow to grant the 5-year renewals authorized by law. Also, the Government is known to be considering an increase in the export duty charged on shrimp and lobster. The industry, of course, is completely opposed to any tax increases. As the producers work on a margin of U.S. 25 to 30 cents a pound, they claim they cannot operate profitably if steep new export taxes are enacted.

There continue to be periodic incidents of catches confiscated from random shrimp boats. Usually these boats are passing through Honduran waters to and from other fishing grounds, and call at local ports or go aground. Because they cannot produce Honduran permits for fishing, local authorities are prone to assume the worst, i.e., that they are "pirates." Most such incidents occur at Puerto Lempira on the east coast.

The Government exercises jurisdiction over a very large offshore area, and the potential for such incidents should decrease as the Government steps up its conservation measures, including enforcement. The Honduran Government considers its jurisdiction over fishing rights extends in the north to 12 miles north of Guanaja, in the northeast from 12 miles north of Cayo Gorda to the mainland, and east on the 15° parallel 12 miles east of Cayo Bobel. Many of the keys, and all the Bay Islands, are more than 12 miles distant from the mainland coast. With the 12-mile jurisdiction applied to each key, Honduran authority extends in some cases to well over 100 miles at sea.

The Embassy believes that the principal concern of the Honduran Government is protection and control of its valuable offshore resources. It can be anticipated that there will be more effort exerted to limit the size of the fishing fleet. It will also be increasingly difficult to obtain concessions to establish shrimp and lobster processing plants.

U.S. INVESTMENTS IN FISHERIES

There is U.S. investment in five operating shrimp and lobster processing plants, and in a sixth plant scheduled to be built. This investment is estimated to total more than $3 million. United States money is also invested in the shrimp fishing fleet, but it is not easy to determine the number of units and their total value. Prospects for additional investment opportunities are limited to buying into existing plants or to processing finfish exclusively. Likewise, the prospect of increasing shrimp and lobster production much above their present level is not considered favorable; all sources consider production to be at or near optimum levels. The United States, including Puerto Rico, represents almost the entire market for Honduran shrimp and lobster. No restrictions affect the exports of these products to the United States.

SHRIMP AND LOBSTER PROCESSING PLANTS

Mariscos de Honduras, S. de L., Oak Ridge, Roatan

Owned by Recursos de Honduras, S. A. de C. V., which in turn is a subsidiary of International Oceanographic Corporation, 135 East Putnam Avenue, Greenwich, Conn. This plant processes both shrimp and lobster.

It was established in 1968, and its original freezer capacity was 150,000 pounds. The plant is currently being modernized and now has six boats operating; in addition, 22 independent boat owners fish for the firm. This company is probably the leading shrimp exporter. It produced about 1.25 million pounds in 1968, 1.2 million pounds in 1969, 850,000 pounds in 1970 when total production declined, and 1.2 million pounds in 1971, plus 65,000 pounds of lobster. Its production is sold in the United States to Leon Israel and Brothers of New Orleans.

Industria Pesquera Hondurena, Guanaja

Owned by a Spaniard, Daniel de Solabarrieta, and probably the first permanent plant built in the Bay Islands. It was established originally (in 1964) as a lobster plant. After lobsters proved to be unprofitable it converted to mainly shrimp production. It is the largest and most self-contained operation in the industry. The freezer capacity of the plant is 550,000 pounds, with 16 company boats and 3 private U.S. boats fishing for the owner. Occasionally the plant will buy from 10 to 12 independent boats, but about 70 percent of production is from company boats. The only production data for this firm were statements that 1.6 million pounds of shrimp were packed in 1968, and that 1.5 million pounds of shrimp and 300,000 to 400,000 pounds of lobster were packed in 1971. It is the only plant that peels and deveins shrimp; all the rest ship green headless.

Caribbean Products, S. de R. L., Guanaja

Owned by Alberti Foods, Inc., of Hinsdale, Ill., and Alfred Kirkconnell of Guanaja. It is second oldest in the Bay Islands and has a freezing capacity of about 150,000 pounds. The company owns 6 shrimp boats, has 15 others under contract, and also buys from 5 to 6 independent boats on occasion. Shrimp production is believed to average about 1 million pounds per year. This plant has been one of the largest lobster packers, with 350,000 pounds of lobster reported in 1970, and 150,000 pounds in 1971. This plant, while one of the oldest, is efficiently run. It formerly peeled and deveined shrimp, but stopped in mid-1971.

Mariscos Hybur, S. A., French Harbor, Roatan

Owned by Allan Hyde and Family of French Harbor and Shaw & Burdick of Miami, Fla. The plant was constructed in mid-1970, in part with an A.I.D. subloan of $220,000 through the Financiera Hondurena. The plant has three large refrigerated rooms, but information on total freezer capacity was not available at the time of this writing. The company owns 6 shrimp boats and has working agreements with an additional 14 independent boats. Production for 1971, the first full year of operation, was 938,151 pounds of shrimp and 100,319 pounds of lobster. The Hyde family also owns two transport boats (the largest has a carrying capacity of about 1,000 tons) which are used by at least four of the packing plants for shipping their products to Miami.

Empacadora del Norte, Puerto Castilla

Owned by T. Ramirez & Co., Inc., of San Juan, P. R., this plant originally began as a beef export packing house, but expanded to include shrimp, partly because of its ideal location on the sea near the shrimp fishing fleet. All of the meat and seafood production is transported to Puerto Rico in a company-owned reefer ship, the San Expedito, of 716 tons capacity. The company owns 15 boats and has 25 independent boats under contract. Additional boats will be added to the company fleet. Production of shrimp and lobster combined was 1.2 million pounds in 1971.

Alimentos Marinos, S. A., Barra Caratasca

Owned by C. C. Rice of St. Petersburg, Fla., this was the first plant established in Honduras and is still under the original family ownership. The plant contains much of the original equipment installed about 15 years ago. The company owns four small shrimp boats and two lobster boats, one of which is not running. It buys from two additional independent boats, but does not have an exclusive contract. Shrimp production was about 280,000 pounds in 1971, confirming that this is the smallest operation in Honduras. Lobster production was only about 30,000 pounds. Its production is shipped to the United States on the 210-foot motor vessel Ultra Freeze owned by Trans-Caribbean Line of Miami, Fla.

NEW PLANTS UNDER CONSTRUCTION OR TO BE BUILT

Industria Armadores y Pesqueros Guanajenos, S. de R. L., Guanaja

This plant, which was expected to commence operations when shrimping opened in June 1972, was built by an informal cooperative of Bay Island fishermen. The president of the cooperative is Bruce Borden. He claims this will be the first shrimp operation to be completely owned by Hondurans. The plan will work with about 30 independent boats, many of which are already owned by cooperative members. Production capacity is not known.

Mariscos de Centro America, S. A., Cayos Vivorillos

A local group, including a military official named Coronel Ruben Villanueva, Head of Military Public Relations, and a private businessman, Juda Guzman, who operates a customs clearance and shipping agency, received a fishing concession from the Government in 1969. In November 1970 the group obtained a loan of $250,000 from the Central American Bank for Economic Integration (CABEI) to finance the purchase of machinery and equipment. Construction was begun on the Vivorillos Keys, about 42 miles northeast of Barra Caratasca. The plant has not been completed because of financial problems. CABEI has taken over management of the company and expects to have the plant in operation shortly. The plant was located in the center of the fishing grounds in order to process lobster in fresh

condition. While this will be the main product, the plant will also process shrimp and fish. Annual production capacity will be 250,000 pounds of lobster and 400,000 pounds of shrimp; expansion is planned after the first year of operation. The plant has tentative agreements to work with some 42 independent boats.

Industria Pesquera Neptuno, S. de L., Utila

A group of four U.S. investors from Stamford, Conn., received a provisional fishing concession from the Government in January 1972 under the name Mariscos de Utila, S. de R. L. Recently, the owners decided to enter into an agreement with a local promoter who has held a fishing concession since 1968. The company will include the promoter as a 20 percent partner. Plans are to build a packing plant on Utila and initially buy from independent boats. No details are available on production capacity, as planning is not this far advanced.

David Jackson, Utila

An islander, formerly a U.S. national, applied for a fishing concession over a year prior to the preparation of this report. His application expired when the necessary documents were not submitted to the Ministry of Natural Resources within the stipulated time period. He has subsequently applied for a provisional concession, and he and unnamed associates hope to proceed with the construction of a processing and packing plant on Utila.